

Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 /063 R

XMB

DRAFTED BY XMB: R R SIMONINI/SVC
APPROVED BY ARA/AND/C:DWCOX
XMB: R D CRAFTON
EB/IFD/ODF:TPARKER
-----096252 041355Z /46
R 031701Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA

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E.O. 11652: N/A

TAGS: EFIN, CO

SUBJECT: 25 MILLION DOLS. SALE OF CONSTRUCTION EQUIPMENT

RE: BOGOTA 2360

1. WE APPRECIATE THE EMBASSY'S FULL REPORT AS CONTAINED
IN REFTEL. IN RESPONSE TO PARAGRAPH 3, THE EXIMBANK LOAN
WAS FOR THE FULL 85 PERCENT AT AN INTEREST RATE OF
8.25 PERCENT. THIS IS A DEPARTURE FROM EXIMBANK'S
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PAST PRACTICE OF COMBINING AN EXIMBANK LOAN WITH A
COMMERCIAL BANK LOAN. THIS ACTION WAS TAKEN SO
THAT THE EXIMBANK FINANCING WOULD BE COMPETITIVE WITH
FINANCING OFFERS MADE AVAILABLE FROM GOVERNMENT EXPORT
CREDIT INSTITUTIONS IN FRANCE AND SPAIN.

2. IN RESPONSE TO PARAGRAPH 4, THE PRESENT APPROACH
OFFERS THE BEST EXIMBANK PACKAGE AVAILABLE. TO CHANGE
FROM A BUYER CREDIT TO A SUPPLIER CREDIT AS SUGGESTED

BY DR. BONILLA WOULD ONLY ADD TO THE COST OF THE FINANCING MAKING THE PACKAGE LESS ATTRACTIVE. FURTHER, IT IS EXIMBANK'S UNDERSTANDING THAT PRIVATE FINANCING AT A RATE OF 6 PERCENT IS AVAILABLE PROVIDED A SUBSTANTIAL UP FRONT DISCOUNT FEE IS PAID. THIS ALTERNATIVE OBVIOUSLY CAUSES THE PRICE OF THE EQUIPMENT TO INCREASE DRAMATICALLY.

3. EXIMBANK ENCOURAGES U.S. SUPPLIERS TO SEEK OUT COMPETITIVE PRIVATE FINANCING. IN THIS CASE IT WOULD APPEAR THAT TWO FINANCING OFFERS CAN BE MADE TO THE COLOMBIANS; ONE, AT A LOW PRICE WITH THE EXIMBANK PACKAGE, AND TWO, AT A HIGH PRICE WITH PRIVATE FINANCING AT 6 PERCENT OVER 10 YEARS.

4. REQUEST THAT EMBASSY ADVISE EXIMBANK WHEN MINISTRY REISSUES TENDER. VANCE

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Message Attributes

Automatic Decaptioning: X
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Concepts: SALES, CONSTRUCTION EQUIPMENT, BANK LOANS
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Copy: SINGLE
Draft Date: 03 apr 1978
Decaption Date: 01 jan 1960
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: R R SIMONINI/SVC
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ISecure: 1
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Litigation Codes:
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Original Classification: LIMITED OFFICIAL USE
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Review Release Event: n/a
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Review Withdrawn Fields: n/a
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Secure: OPEN
Status: NATIVE
Subject: 25 MILLION DOLS. SALE OF CONSTRUCTION EQUIPMENT RE: BOGOTA 2360
TAGS: EFIN, CO, XMB
To: BOGOTA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9dcf09b7-c288-dd11-92da-001cc4696bcc
Review Markings:
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